

THE AGRICULTURAL • SITUATION •

A Brief Summary of Economic Conditions

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FARMERS in 1945 again have achieved a high level of production now that total crop output is expected to equal the records established in 1942 and 1944. Since the start of the war, new highs have been set for virtually every important crop. Because of this as well as reduced military takings civilians will get larger supplies of most foods this fall and winter than at any time in the past 12 months when consumption, incidentally, was well above the 1935-39 level. In contrast, continental Europe faces one of the most critical food shortages of recent times. Food supplies produced there this year are a fifth below prewar and, even though relatively large, imports cannot be obtained in quantities to raise food consumption to anywhere near prewar levels. * * * Removal of the lower grades of beef from rationing, thereby freeing more red points for other kinds of meat, will tend to strengthen over-all demand for meat this fall and winter despite a lowered civilian purchasing power and reduced military procurement. Thus the prices of most meats and meat animals are expected to continue near present high levels. No action on subsidies is now expected to be taken that will reduce returns to beef producers without at least 6 months advance notice. Feeders fattening cattle now for market next spring can discount the possibility of lower cattle prices due to reductions or withdrawal of the subsidies. * * * Although the September parity index was at a new 25-year high, the index of prices received dropped 7 points below a month earlier, largely because of the sudden reduction in noncivilian food takings.

Commodity Reviews

FOOD SUPPLIES

GENERAL improvement in the outlook, primarily a result of the sudden end of the war, means that civilians will get larger supplies of many foods this fall and winter than at any time in the past 12 months. Procurement of food for the armed forces from now on will be very much smaller than it has been for the last 2 years. Civilian demand for some foods may taper off this winter as consumer incomes decline, but the general demand for food will still be high relative to supplies. In addition, a share of the food made available by military cutbacks will be shipped abroad, especially to liberated areas.

This share is expected to include canned meats and some fresh and frozen meats (particularly lower grades of beef, which will be plentiful), some cheaper types of canned fish, canned and powdered milk, eggs, cheese, potatoes, some dry beans and peas, dried fruits, rice, some corn, and wheat. The United States can spare substantial quantities of these foods because good supplies of these and other commodities will be available for domestic civilian consumption.

This fall and winter, the domestic civilian supplies of meats, canned fish, canned fruits, fruit juices and vegetables, turkey, chicken, dried skim and dried whole milk, canned milk, fluid cream and potatoes will be materially larger than those of recent months.

Some increases in supplies are expected for butter, cheese, pork, lower grades of beef, and veal. A moderate improvement in the supply of most fats and oils is expected this fall and winter; the sugar situation is expected to remain tight until spring.

Civilian supplies of rice, dry beans and peas, and dried fruits may be somewhat reduced from last year by substantial relief shipments.

Cereal products, except those re-

quiring relatively large quantities of fats and sugar, fresh vegetables, citrus fruits, fresh and frozen fish, frozen fruits and vegetables, and fluid milk will continue plentiful.

LIVESTOCK

ALTHOUGH cattle slaughter in July and August was a little below a year earlier, it increased materially in the last 2 weeks of August and continued seasonally large during September, exceeding last year's record for the period. But though calf slaughter increased in August and September, it was under that of a year earlier. Cattle slaughter probably will be large during the fall and winter because of a near-record number of cattle now on farms and ranches and a larger number of cattle on feed this summer than last.

Slaughter of ewes during the first 8 months of 1945 exceeded the large slaughter of a year earlier and was the highest of record for the period. With a further reduction in stock sheep numbers in prospect this year, the 1946 lamb crop probably will be less than the 1945 crop of 28.2 million head, the smallest since 1929 except for the 1935 crop which was drastically reduced by the drought of the previous summer.

New military requirements for meat for the last quarter of 1945 and the first quarter of 1946 are substantially less than purchases made a year earlier. While lend-lease shipments of meat were terminated in late August, some shipments of meat through other financial arrangements are continuing to certain countries formerly receiving lend-lease aid.

Various controls involving meat set-asides, quota restrictions on slaughter by nonfederally inspected commercial and farm slaughter, and OPA's fair distribution plan for meat were suspended in early September.

DAIRY PRODUCTS

BETWEEN August 13 and September 12, all wartime restrictions on sales and utilization of milk were suspended or terminated. The only existing restriction on production and consumption of dairy products are point values on butter.

Prices received by dairy farmers through March will be about the same as in the corresponding period of 1944-45. But returns probably will be higher because of shifts in utilization and larger dairy production payment rates. Over-all demand for dairy products is expected to exceed the supply, and more milk will be sold as fluid milk and cream than in the previous year. This will result in some diversion from manufactured products.

Consumption of heavy cream has increased greatly.

Prices paid for fluid cream in the Northeastern markets are higher than in previous months. For the past 2 years, consumption of fluid cream has been restrained, and receipts in the three large Northeastern markets (New York, Philadelphia, and Boston) have been about one-third below pre-war.

POULTRY AND EGGS

AVERAGE prices received by farmers for eggs through November will show much less than usual seasonal increases. Significant declines—much more than seasonal—are expected after November, and prices will probably be at or near support levels in the early part of 1946, reflecting a reduction in military requirements and increased supplies of red meats. Egg production in the first quarter of 1946 probably will be about as large as in the first quarter of 1945.

Strong demand is in prospect for the record 1945 turkey crop of over 44 million birds, 22 percent above last year. Prices will decline from present levels, but such declines may not be

significant. Army procurement will be smaller than in 1944. But civilian demand will be strong because of a high level of consumer purchasing power. During the past 2 years, demand exceeded supply by a wide margin. Per capita consumption of turkey in 1943 and 1944 was 3½ to 3¾ pounds, compared with 2.6 pounds in the prewar period (1935-39). This year consumption will be above 4 pounds per person.

Prices received by farmers for chicken during the next few months will decline from the all-time peak of 28.6 cents per pound reached last August. But such declines probably will be moderate. The demand-supply gap for chicken meat has been wide.

With substantial reductions in military purchases, all War Food Orders relating to chicken and turkey had been suspended or terminated by the end of September.

FEED

OVER-ALL demand for feed grains and all kinds of byproduct feeds continued strong during September, as it has been during the previous months of this year. There has been little, if any, relaxation in the demand for feed concentrates this summer, an unusual situation when pasture and forage feed is abundant. The strong demand has persisted despite good to excellent green feed in practically all areas.

Heavy feeding of concentrates is reflected in the record weights of hogs marketed, the record milk production per cow, and the record production of eggs per layer on farms. Although there has been a record large production of byproduct feeds, and record-breaking marketings of corn during the 1944-45 season the available supplies were insufficient to meet the demand.

Late summer weather was very favorable for feed crops which improved prospects for 1945 materially. The 1945 production of corn, oats, barley, and sorghum grains was indi-

**Index Numbers of Prices Received and
Paid by Farmers**
(1910-14=100)

Year and month	Prices received	Prices paid, interest, and taxes	Parity ratio ¹
1935-39 average...	107	128	84
1940.....	100	125	80
1941.....	124	132	94
1942.....	159	150	106
1943.....	192	162	119
1944.....	195	170	115
1944			
September.....	192	170	113
October.....	194	170	114
November.....	196	171	115
December.....	200	171	117
1945			
January.....	201	172	117
February.....	199	172	116
March.....	198	173	114
April.....	203	173	117
May.....	200	173	116
June.....	206	173	119
July.....	206	173	119
August.....	204	173	118
September.....	197	174	113

¹ Ratio of prices received by farmers to prices paid, interest, and taxes.

cated on September 1 to be 121 million tons, 7 million tons more than was indicated a month earlier. Production this year, based on the September 1 indications, would be about the same as in 1944. However, the carry-over of corn, oats, and barley at the end of 1944-45 feed year on September 30 probably was about 5 million tons greater than a year earlier, so that total supplies of the four feed grains for 1945-46 would be about 5 million tons greater than in 1944-45. About offsetting this larger supply of feed grains will be reduced feeding of wheat and rye, and a sharp reduction in imports of oats and barley from Canada. The 1945 production of grain in Canada is indicated to be considerably smaller than a year ago, and carry-over stocks there were reduced during 1944-45.

FATS AND OILS

REDUCTIONS in military requirements and termination of lend-

lease have eased the shortage in fats and oils. Civilian supplies of butter and lard for the balance of 1945 probably will be moderately larger than previously anticipated.

Quotas of fats and oils for manufacturing shortening and edible oils for civilian use have been increased. More oil and fat have also been allowed for civilian soap, paint, oil-cloth and linoleum.

Restrictions on uses of tung oil and on inventories of wool grease, neat's-foot oil, and lard oil have been terminated.

Total supplies of fats and oils, however, are substantially smaller now than a year ago and factory and warehouse stocks are materially less. Production and imports of fats and oils also are lower. As a result of the reduced supplies, exports and domestic civilian consumption are much smaller now than they were in the latter half of 1944. Total civilian use of fats and oils in 1945 in food and nonfood products is the lowest in many years and is estimated at around 65 pounds per capita compared with an average of 74 pounds per capita in 1937-41.

National average prices received by farmers for oilseeds will be nearly the same in 1945-46 as a year earlier. Price supports and ceilings are the same for oilseeds produced in 1945 as for those produced in 1944, except that ceiling prices for flaxseed at California terminals have been increased 5 cents per bushel. This increase will have only a slight effect on the national average price for flaxseed. Season average prices to farmers for oilseeds in 1944-45 were as follows: Soybeans \$2.06 per bushel, flaxseed \$2.90 per bushel, cottonseed \$52.70 per ton, and peanuts 8.05 cents per pound.

FRUIT

OF the fresh deciduous fruits now in season, there are above-average crops of pears, grapes, and cranberries, but a very short crop of apples. The apple, pear, and grape crops are near or above

average in the western States but considerably below average in the eastern States, where the weather was unfavorable last spring. Despite the short apple crop, aggregate production of deciduous fruits in 1945 is only about 2 percent smaller than average although one-eighth smaller than last year.

The aggregate tonnage of the 1945 crops of almonds, walnuts, filberts, and pecans is about as large as that in 1944 and about one-third larger than average. Large crops of citrus fruits are in prospect for the season beginning this fall.

Prices for deciduous fruits the past summer have been near the high wartime levels of the preceding two seasons, in response to a continued strong consumer demand. In contrast, prices for oranges and lemons averaged lower, partly as a consequence of larger-than-usual supplies.

The commercial packs of dried fruits and canned fruits and fruit juices are expected to be about as large in 1945-46 as in the preceding

season. However, because of sharply reduced military requirements, civilian supplies will be considerably larger than last season.

TRUCK CROPS

BECAUSE of above-average acreages and yields for most truck crops for fresh market, market supplies this fall may be more than one-fourth larger than last fall and nearly 50 percent larger than average. Heaviest contributors to the total tonnage will be a record cabbage crop as well as large crops of carrots, celery, lettuce, and tomatoes.

Prices received by growers for truck crops sold on the fresh market this summer declined more rapidly than usual and now are generally below last year's levels. However, seasonal price increases are expected for most truck crops beginning in November.

This year's total production of truck crops for processing is at a new record-high level for lima beans, sweet corn.

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	5-year average		Sept. 15, 1944	Aug. 15, 1945	Sept. 15, 1945	Parity price Sept. 15, 1945
	August 1909- July 1914	January 1935- December 1939				
Wheat (bushel).....
Rice (bushel).....
Corn (bushel).....
Oats (bushel).....
Hay (ton).....
Cotton (pound).....
Soybeans (bushel).....
Peanuts (pound).....
Potatoes (bushel).....
Apples (bushel).....
Oranges on tree, per box.....
Hogs (hundredweight).....
Beef cattle (hundredweight).....
Veal calves (hundredweight).....
Lamb (hundredweight).....
Butterfat (pound) ¹
Milk, wholesale (100-pound) ²
Chickens (pound).....
Eggs (dozen).....
Wool (pound).....

¹ Revised.

² Comparable base price, August 1909-July 1914.

³ Comparable price computed under section

3 (b) Price Control Act.

⁴ Comparable base price, August 1919-July 1929.

⁵ Does not include dairy production payments made directly to farmers by county AAA offices.

⁶ Adjusted for seasonality.

and green peas, and at a very high level for virtually all other truck crops for processing. In addition, the abrupt ending of the war in August made possible the release to civilians of large quantities of canned vegetables formerly set aside for military use.

Competition from abundant supplies of potatoes and other fresh vegetables on the market at lower prices than last year, some slackening in demand because of a drop in employment, and the increased quantities of canned vegetables available for civilians may result in a burdensome carry-over of some commercially canned items at the end of the 1945 pack year. But prices to growers for this year's production of truck crops for commercial processing have already been established, for the most part, through preseason contracts with processors. Such prices are expected to average about the same as last year.

POTATOES

MAJOR reductions in military requirements for potatoes together with increased availability of many other foods and some reduction in demand have all conspired with the bumper crop to put the 1945 crops of intermediate and late potatoes definitely in a surplus position.

The ceiling prices growers were receiving for all marketable potatoes a few weeks ago have now dropped to support levels. Through September 17, the Department of Agriculture purchased some 5,760 cars of potatoes in order to support prices at not less than 90 percent of parity. Potatoes so purchased are being kept out of normal market channels. Their disposition through September 8 was: 24 percent to starch manufacture, 13 percent to relief channels (including school-lunch program), 13 percent for livestock feed and experimental work, 9 percent to canners, less than 1 percent distilled for alcohol, and the rest temporarily in storage awaiting final disposition.

This year's sweetpotato crop is expected to be a little smaller than last year, though slightly above average. Because of recent reductions in military requirements for sweetpotatoes, civilian supplies will be about as large as the previous two seasons. Despite some possible slackening in demand, such a quantity probably can be sold at something higher than support prices.

COTTON

COTTON exports last season (August 1944-July 1945) totaled 2 million running bales. This compares with 1.1 to 1.5 million during the preceding four seasons and a 1934-38 average of 5.0 million bales.

Of the cotton exported last season, 643,000 bales or one-third went to the United Kingdom. Other countries receiving substantial amounts of cotton were: France, 509,000 bales; Canada, 364,000 bales; Spain, 258,000 bales; and Belgium, 93,000 bales. Despite the liberation of much of Italy quite some time ago, no American cotton was exported to that country last season. Before the war Italy was the fourth largest importer on the Continent having taken as much as a million bales of cotton in some years during the decade preceding the war. In 1932 the record quantity of 850,000 bales of American cotton was exported to Italy and an average of 400,000 bales during the 5-year period 1934-38.

According to the October estimate, a domestic crop of 9,779,000 bales of 500 pounds, gross weight, is indicated for the current season, compared with a 1944 production of 12,230,000 bales. The indicated yield for 1945 is 260.7 pounds and the estimated acreage for harvest, 18,008,000 acres. Indicated acreage is 12 percent smaller than in 1944; yield, 11 percent smaller; and production, 20 percent smaller.

Consumption in August totaled about 740,000 bales, equivalent to an annual rate of about 8½ million bales.

This annual rate, although higher than the comparable figure based on consumption in July, is, nevertheless, materially lower than last season's actual consumption of slightly under 9.6 million bales.

TOBACCO

THE 1945 domestic crop of tobacco is expected to exceed 2,000 million pounds, about 50 million pounds more than last year, and the largest crop ever produced. The increase this year over last is attributable almost entirely to flue-cured, the major cigarette type, since all other types except cigar binder tobacco are below 1944. Prices of flue-cured, the only type now being sold by growers, are slightly above 1944 and near the 1919 peak.

In relation to present and prospective requirements, carry-over stocks of most all types of tobacco are low. At the end of the 1944-45 season, stocks of all types except burley and dark air-cured were smaller than a year earlier. Burley stocks increased substantially last season despite the high rate of consumption, and the large 1945 crop will result in a further increase in the supply of burley. The record 1945 crop of flue-cured will result in a slight increase in the 1945-46 flue-cured supply. The supply of dark air-cured is larger this season, but the supply of cigar leaf is slightly below 1944-45.

Domestic production of tobacco products is continuing at a high level, although it appears likely that cigarette production will decline, because of the drop in military purchases. Domestic supplies of cigarettes are substantially larger, and appear adequate to meet demand, but shortages are continuing in the lower priced classes of cigars.

Exports of tobacco have increased since the end of the war in Europe mainly because of improved shipping and the opening of additional markets. The Commodity Credit Corporation was allocated about 354 million pounds and private dealers about 80 million

pounds of 1945 crop flue-cured for export. It is expected that by the beginning of the next marketing year, exports of tobacco will be handled solely by private dealers as in prewar years.

WOOL

SHORN wool production in 1945, now estimated at 323 million pounds, is 7 percent smaller than in 1944 and 18 percent smaller than the 1942 record clip of 392 million pounds. With production of pulled wool likely to be smaller than last year's record of 71 million pounds, total production of shorn and pulled wool for the first time since 1929 will fall below 400 million pounds. More profitable returns from other farm products, manpower shortages, and the uncertain outlook for postwar wool prices are largely responsible for the sharp decline in sheep numbers and wool production since 1942.

Domestic wool continues to accumulate in the hands of the Government because Commodity Credit Corporation selling prices for domestic wool are much higher than prices of comparable imported wools. As of July 1, about 110 million pounds (grease basis) of the 1945 production of shorn and pulled wool had been purchased under the 1945 Government purchase program, but only about 30 million pounds had been resold to mills. The Commodity Credit Corporation on July 1 also held about 250 million pounds (grease basis) of domestic wool purchased under the 1943 and 1944 programs. Mills and dealers' stocks of apparel wool on July 1 totaled about 350 million pounds—mostly foreign wool.

Total United States mill consumption of apparel wool so far in 1945 has been at an annual rate of 1 billion pounds (grease basis). But with prices of domestic wool some 12 to 20 percent above those for imported wools, mills have continued to use domestic wool only where specified by military

orders. Mills report that only about one-third of the apparel wool used in the first half of 1945 was domestic wool. Even with large military orders the use of domestic wool was well below the rate of domestic production.

LAND VALUES

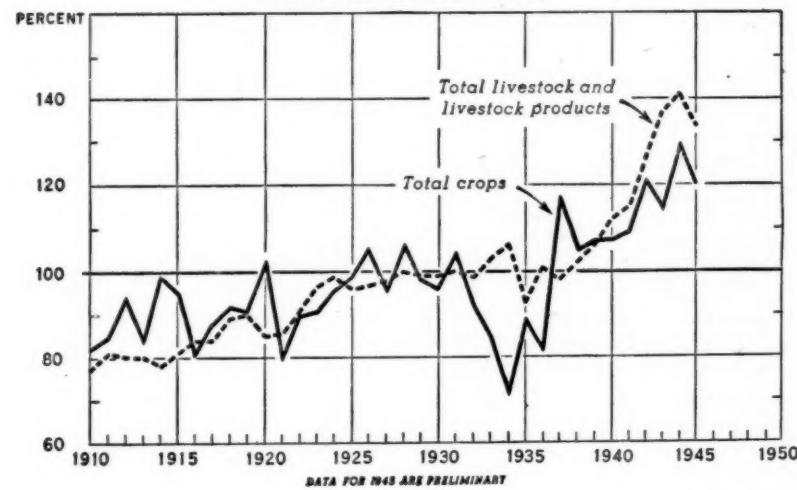
DESPITE the end of the war, the farm land market during the next several months is likely to continue strong. While the volume of sales may be down somewhat from the high levels of a year ago, prices are apt to continue firm and probably advance moderately.

The realization that the number of remaining high income years may be quite limited and recollections of the consequences of the land boom after World War I are likely to make buyers more hesitant about purchasing farms at prevailing prices. At the same time there may be some easing in the supply of farms due to a backlog of retirements of elderly farmers and others desirous of selling at near peak prices.

But more than offsetting these moderating tendencies will be the continued operation of forces strengthening land values.

Record farm income levels and favorable returns on land investments, growing accumulations of purchasing power and abundant credit at low interest rates will all contribute to the maintenance of a strong demand. The war's end may add increased buying pressure from returning veterans and war workers. Strengthened demand from various other sources may also develop as a result of more limited industrial employment opportunities during reconversion, lessened incentives for maintaining savings in war bonds, and prospects for easing of machinery and labor shortages. Furthermore, during the period of uncertainty about the general price level, those holding or wanting to buy land as inflation hedges may offset to a considerable extent those selling who expect lower farm prices and incomes in the near future.

VOLUME OF PRODUCTION OF CROPS AND OF LIVESTOCK
AND LIVESTOCK PRODUCTS FOR SALE AND
FOR HOME CONSUMPTION, 1910-45
INDEX NUMBERS (1935-39=100)



U. S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

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European Food Prospects This Winter

CONTINENTAL Europe,¹ this winter and next year faces one of the most difficult food problems of recent times. Domestically-produced supplies, being 20 percent below prewar, will be the smallest in many years. While imports are expected to be heavy, they cannot be obtained in quantities necessary to raise food consumption to prewar levels.

Unfavorable weather has been a major cause of the sharp decline in food production. North of the Alps, an unusually wet cold fall and early winter so delayed planting, mainly of bread grains, that the ground lost could not be wholly regained in the spring; moisture deficiency later in the growing season was reported over wide areas, while some parts of northwest Europe had extended rains at grain-harvesting time. South of the Alps, from the Iberian peninsula to Greece, both crops and livestock suffered from a severe drought which developed early in the spring.

Many Disrupting Forces

Moreover, the closing campaigns of the European war and its aftermath inevitably had repercussions on agriculture. In some areas, military operations made land unfit for agricultural use, at least temporarily. In eastern Europe, including parts of Germany, Austria, and Czechoslovakia as well as Poland and the Danube Basin, farm operations have been partially disrupted by excessive slaughtering and confiscation of draft animals and other kinds of livestock; damage, destruction, and removal of much machinery and equipment; population transfers; and the hasty introduction of land reforms and other economic and social changes. Widespread shortages of coal and transport facil-

ties still hamper production and distribution of goods farmers buy and sell. Changes in governing authorities consequent upon the liberation of Allied countries and the occupation of enemy territory necessarily disrupted agricultural and food controls.

Output of Most Crops Way Down

Hard hit by this combination of adverse factors, the 1945 grain harvest is one of the smallest in years. The potato crop will also be short. Production of sugar beets is expected to drop more than the output of any other major field crop, and damage to factories and shortages of coal may hamper processing of the beets produced. While olive oil production may possibly increase, total output of fats and oils will be curtailed, due partly to decreased cultivation of oilseeds and partly to the reduction in livestock numbers in 1944-45. Even if the urgent demand for meat and fats in urban areas overcomes farmers' desires to rebuild herds, domestically produced supplies of livestock products are likely to be under the low 1944-45 level.

Food production will not fully reflect the decline in output of grains and potatoes compared to prewar, since most countries are continuing to extract more flour from grain than is customary and to use as human food a part of the grain and potatoes ordinarily reserved for livestock. The savings thus effected may not be as great as in the war years in some countries that are inclined to lower the high wartime extraction rates and divert grain and potatoes to feed, but in the Danube Basin, for example, the trend is in the other direction. Assuming a pattern of crop utilization similar to that prevailing in the war period, and piecing together quantitative information which is necessarily incomplete and preliminary in character, food production in

¹ In this article "Continental Europe" refers to Europe excluding the British Isles and the Soviet Union—Editor.

1945-46 is tentatively estimated at about 20 percent below prewar.

As continental Europe was on a deficit food basis in prewar times when production was much larger and the population (in 1936) somewhat smaller than at present, the gap between food production in 1945-46 and consumption at prewar levels is obviously very wide. The prewar deficit amounted to around 10 percent (including food produced from imported feed) for the continent as a whole, even with large surpluses available in eastern Europe. Net exports from Poland and the Danube Basin in the last prewar years included about 2 million short tons of wheat and rye, and almost as much of other grains, some 225,000 short tons of dry legumes, around 225,000 tons of meat and slaughter fats (exported mainly on the hoof), and nearly 80,000 short tons of eggs. Such has been the decline in output in eastern Europe, however, that no supplies of any significance can be expected from that region to help fill the deficits of western Europe in 1945-46. According to official sources, grain output in the Danube Basin is insufficient to satisfy domestic requirements, let alone reparations and requisitions in Hungary, Rumania, and Bulgaria. Livestock products are undoubtedly in even shorter supply than grains throughout eastern Europe.

Denmark, Sweden Best Off

Among western European countries, Denmark can maintain food consumption at a level somewhere between 2,800 and 3,000 calories per person per day and still export appreciable amounts of livestock products. Sweden could provide its population with approximately the same number of calories per person and have a small surplus. In the other western European and in the Mediterranean countries, consumption will drop to low levels unless imports are forthcoming in substantial quantities; tentative estimates of the average daily per capita energy value of their food pro-

duction in 1945-46 range from less than 1,400 calories in the Low Countries and Greece to no more than 2,200 calories in Czechoslovakia.

In estimating desirable minimum import needs of continental Europe, account must be taken not only of local food production but also of food distribution. Since most of the farm population, which constitutes around 40 percent of the continent's 350 million-odd inhabitants, will continue to consume almost as much food as before the war, and since black markets cannot be eliminated as long as food is scarce, the chief burden of any food shortage will be borne, as in the war years, by the middle and lower income urban groups who cannot afford to supplement legal allowances to any great extent, if at all. Millions of consumers in these groups have been subsisting on as little as three-fourths, two-thirds, and even one-half of their prewar calories. Their diet has also been poor in quality. Bread has been heavy and coarse, meat and fat rations when available have been meager, and whole milk has been generally reserved for children and special adult groups.

Large Imports of Food Needed

In view of the marked decrease in domestically-produced supplies available for the nonfarm population that is implied in the downward revision of earlier 1945-46 production estimates, desirable minimum imports will be much larger than was suggested last spring. In order to raise legally available nonfarm supplies in liberated areas to 2,000 calories per person per day, to provide ex-enemy countries with enough food to prevent large-scale disease and unrest, and to permit some increase in imports into neutral countries, continental Europe would need to import about 18 million short tons of food, composed roughly of 15 to 16 million short tons of wheat, 1 million short tons of fats and oils (including the raw materials in terms of oil), about 750,000 short tons of sugar,

and some quantities of other food-stuffs such as meat, cheese, canned and dried milk, and legumes. In this computation, no allowance has been made for possible needs of Hungary, Rumania, and Bulgaria which are assumed to be able to meet minimum requirements from domestic sources.

It must be emphasized that the above estimates are not forecasts of imports. They are based only on considerations of quantities necessary to maintain the assumed minimum calorie intake, and to bring some improvement in the composition of the urban diet in liberated areas. Actual shipments will depend on many factors, notably the surpluses and deficits in other parts of the world and arrangements made for financing imports.

Production in continental Europe will increase in the coming year if the weather is reasonably favorable. The recovery will be stimulated to the extent that plans for increasing supplies of fertilizer and agricultural machinery are carried out. A period of years must elapse, however, before productive capacity, especially in eastern Europe, can be fully restored. Provided that purchasing power in importing countries and supplies in exporting countries permit a rapid return to prewar diets, imports of food and feed in continental Europe, as was the case after the first world war, are likely to exceed the prewar levels for some time to come.

LOIS BACON
Office of Foreign Agricultural Relations

Full Employment in Agriculture

THE idea of full employment as a national goal in peace received wide attention during the war, and now has attained almost universal acceptance. By early 1943, it had been demonstrated that unemployment could be practically eliminated during war and this raised the challenge to eliminate it in peace. With the actual arrival of peace, cancellation of war contracts and lay-offs are now driving home to millions of industrial workers the urgency of attaining this goal.

There is as yet no official definition of full employment. The proposed Full Employment Act of 1945 contains an implied definition in its reference to full employment as "the existence at all times of sufficient employment opportunities for all Americans able to work and seeking work."

The National Planning Association has offered the following definition: "Full Employment is defined, by common sense, as opportunity for workers

and for capital. The complete expression is full employment *opportunity*, and it comprises two additional concepts: Employment of men and money (1) at useful work, and (2) at good wages. 'Good wages' mean good in terms of actual purchasing power: wages and prices that spell an American standard of living." Sir William Beveridge in England has stressed the fact that full employment requires more jobs than workers so that the labor market will always be a seller's market.

The idea of full employment underlying these definitions or statements has been expanding. First it was negatively defined as a condition without unemployment, except for a minimum amount due mainly to job shifts and to new workers finding their first jobs—the so-called frictional unemployment. Later it was more positively defined as a sufficient number of jobs for all who are able to work and who wish to work. More recently,

full employment has come to mean a sufficient number of productive, regular, and adequately paid jobs, with the number of jobs equalling or exceeding the number of workers and work seekers. But the idea of full employment was conceived and has developed primarily in terms of employment in nonagricultural industries, with little reference to its direct meaning for agricultural workers.

Full employment in the nonagricultural part of the Nation's economy has been spelled out in terms of jobs, because 7 out of every 8 nonagricultural workers are job holders—wage or salary workers. Such a definition is inappropriate for agriculture because only 1 out of every 5 agricultural workers is a job holder, receiving a wage or salary. The majority of farm workers are farmers who are self-employed and the rest are about equally divided between wage workers and members of the farmers' families who work on an unpaid basis, mainly during the busy season of the year. A full employment formula of "plenty of jobs at good wages" thus overlooks the large majority of the Nation's farm workers.

Farm Work Highly Seasonal

In applying the idea of full employment to agriculture, some notions of what it means have to be clarified. Full employment does *not* necessarily mean 12 months of work a year for every person who works on a farm during any part of a year. This would set an impossible standard for agriculture because of the marked seasonal variation in the number of persons working on farms. Much more than half of the persons who make up the seasonal rise in agricultural workers are housewives and students. When the season is over, they go back to their normal activities. As they do so, they become "non-workers" and are not classified as "unemployed." Therefore, the employment of such persons for less than a full year, most commonly as unpaid

family workers, is not at odds with the idea of full employment.

In agriculture as well as in nonagricultural industries, the idea of full employment does not presuppose converting the part-time or part-year workers into full-time workers, if such workers are not able or do not wish to hold continuous full-time jobs. Thus the housewife working in a department store during the Christmas shopping rush period, or the student working during vacation would be "fully" employed if able to get work throughout the time that he or she chose to be in the labor market.

More Part-Time Work No Answer

On the other hand, the road to full employment does not lie in any wholesale conversion of full-time jobs into part-time jobs through a drastic shortening of the work-week for purposes of spreading the work. It is true that an artificial device of this sort would reduce the unemployment count, but it would produce only an illusion of full employment. While the absence of any unemployment above the minimum amount will accompany a full employment condition, it will not necessarily mean that full employment has been reached.

The existence of enough jobs to provide virtually full-year employment to all persons who are in the labor market for the entire year is the most important prerequisite for a full employment condition. In agriculture, the seasonality of labor demands poses difficult problems in attaining full-year employment for farm workers. Especially for the wage workers on farms is the problem of obtaining a satisfactory amount of work aggravated by this factor. Not only are the jobs available for many of the hired farm workers of a part-year nature, but during the weeks actually worked, the employment is often of a part-time nature. The duration of even these jobs is further curtailed by a host of economic and other conditions which impel farmers to hire as

many workers as possible to harvest mature crops in the shortest possible period of time. It is these conditions that in prewar years led to excessive accumulation of farm labor reserves in various areas during all or part of the year.

The criteria of full employment developed for nonagricultural workers apply in the case of hired farm workers. Agricultural wage workers can be considered fully employed only if enough work is provided them throughout the period they are available for work and if they are paid fair wages. But achieving full employment for hired workers in agriculture will require continued steady progress toward rationalizing the farm labor market. Effective work in this respect has been done during the war both by farm placement services and farmers through an orderly scheduling of the demands for farm laborers and a systematic directing of workers to jobs.

Job Placement the Cornerstone

Employment or job placement services will continue to be the cornerstone in any organized program to minimize unemployment and reduce underemployment.

In addition, farmer-employers can individually and on a community-wide basis contribute materially to stabilizing and lengthening periods of employment afforded to their wage workers. But a full solution to the problem of achieving full employment for farm workers may not be possible within agriculture itself. A close integration of farm and nonfarm job opportunities together with technological advances that contribute to evening out the humps in farm labor requirements are also required.

For farm operators who have no other occupation, the idea of full employment in the sense of regular, productive, and adequately paid jobs has to be translated first into adequate resources to provide full-time work and secondly into adequate annual incomes. Achieving full employment

for farmers in this sense is probably going to be the hardest part of the total problem throughout the Nation. It will take the longest time. But no one could fairly claim that there was full employment in the country, even though national employment should be very high and national unemployment very low, so long as the labor of sizeable groups of farmers remains unutilized for a substantial proportion of the year, or is unproductive because of the lack of sufficient land, machinery, or other resources.

Many Years to Achieve

Achieving full employment in agriculture may take many years, but the outlook is by no means disheartening. Most of the trends speeded up during the war were in the direction of providing fuller employment in agriculture. There was a decrease in the number of unproductive farming units, an increase in farm machinery and much more effective use of labor. Along with expansion in crop and livestock enterprises, good yields, high demand for farm products, and good prices, these trends led to an increase between 1940 and 1944 in the average net income per farm from \$788 to \$1,627, in terms of 1940 purchasing power. But even in the peak war year 1944, more than half of all farmers received less than this amount. Although many supplemented their farm income with wages from off-farm work, a great number of farm operators even in wartime were underemployed or ineffectively employed and had less than adequate incomes for maintaining a level of living for their families which would meet generally accepted American standards.

Full employment in agriculture is not just around the corner. It will take many years of progressive adjustments of farm population to agricultural resources with corresponding changes in the size and organization of farming units. Since the total volume of agricultural production in the foreseeable future is subject to

certain upper limits imposed both by total land resources and by demand for farm products, the total number of persons who can be employed in agriculture with adequate net returns for their labor is far smaller than the present number.

Maintaining high levels of non-agricultural employment will encourage the changes which need to take place before full employment in agriculture can be achieved. Suppose, for a minute, that the Nation gets through the war-to-peace transition period rapidly and quickly reaches high levels of nonagricultural employment with plenty of good nonfarm jobs for all who want them. Suppose, further, that sound planning and policy maintain this situation for at least a decade or so, with no depressions. These would be the conditions most favorable for progress toward full employment in agriculture, as no one would have to engage in unproductive or inadequately paid farm work who did not want to.

Fewer Farms and Workers

Under such conditions, what are the factors involved in attaining full employment in agriculture? On commercial farms, as distinguished from purely residence units, a man-year of agricultural work of an adult male should yield an income adequate for the support of a family according to American standards of living. These standards would undoubtedly have risen after a decade or more of full employment in the nonagricultural sector of the economy. However, the past trends in labor productivity in agriculture, together with the prospects for further technological advances, certainly provide evidence that with consumer demand at a continued full-employment level adequate returns to agricultural labor could be achieved if all commercial farming units were adequate in production resources, and if advanced farm management practices were generally applied. This would mean a reduction in the present

number of farming units before full employment is attained in agriculture, even though there was no increase in large-scale farms. It would also require a reduction in the present number of farm workers, if the net returns for agricultural work are to approximate a "minimum-adequate" standard.

Any policy involving a forced shift from agriculture to nonfarm work for persons now ineffectively employed on farms would be contrary to American principles. But the history of farm-nonfarm migration during the last few decades has shown clearly that given plenty of nonfarm job opportunities, under-employed farmers and farm workers will choose to migrate to them. The present level of net returns to labor on many of the more efficiently organized, well-equipped, family-commercial farms is already such as to demonstrate that with the good demand for farm products which would be maintained in a period of sustained prosperity, adequate remuneration for farm work is already possible.

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What Peace Can Mean to American Farmers. Maintenance of Full Employment. U. S. Dept. Agr. Misc. Pub. 570, 28 pp. Washington. July 1945.

A sequel to an earlier report in the series called *What Peace Can Mean to American Farmers*, this report tells some of the ways in which full employment can be achieved.

Farmers' Response to Price in the Production of Potatoes, 1922-41. Ben H. Pubols and Saul B. Klaman. Processed. 10 pp. Bureau of Agricultural Economics. Washington. July 1945.

Uses the 20-year period 1922-41 for a study of the year-to-year fluctuations which have occurred in acreage, yield per acre, production, and price per bushel received by farmers. Shows how changes in production are closely related to changes in cost, price, and other conditions.

A Rural County Looks to the Future

READJUSTMENT of the Nation's work force to peacetime needs is one of the most important problems now facing rural and urban people alike. A problem of virtually every community in the country, it has to be solved largely in each locality as the veterans and war workers return to their homes to reestablish themselves in what they hope is to be a permanent way of life.

Local farm leaders all over the country have been pondering the problem of full employment in their communities—not a few have gone beyond the thinking stage and attempted to do something constructive about it. And one rural community which has taken a big step in appraising the problem is Augusta County, Va., located in the fertile Shenandoah Valley, one of the important agricultural areas of the Atlantic Seaboard.

To Appraise Plans of Residents

In appraising the readjustment of Augusta County's work force to peacetime needs, a survey was made recently to learn something of the plans of the people of the county for the next few years. This inventory differs from those made in other communities where the emphasis has been more on the potential physical capacities of the areas rather than on just the individual plans of the people in the communities.¹ For this reason the Augusta County approach, being less comprehensive but a very important first step, can be more readily adapted to the needs of other communities. Consequently, the findings of the survey summarized here may suggest the types of material other communities could collect and analyze in trying to appraise the future course of their areas.

Located between two mountain

ranges on the western border of Virginia, the Shenandoah Valley has a type of agriculture that differs from that in many southern areas as it is largely devoted to fruit, dairying, livestock, and general farming. Augusta County, at the southern end of the valley, is the second largest county in Virginia, with a population of about 57,000 of which about 20,000 live in the cities of Staunton and Waynesboro. This year's census places the number of farms in the county at about 3,880. Wheat, corn, apples, and milk are the chief farm products while textiles, chemicals, and furniture are the principal manufactured articles. The industries are concentrated in Staunton and Waynesboro which are also educational centers of considerable importance.

Survey Keyed to Job Opportunities

It soon became apparent to the Augusta County Planning Board, a county agency authorized by State law, that in setting up the survey one of the first tasks was to learn something of the present labor force, to determine the extent of future employment opportunities and skills of the prospective labor force especially when veterans and war workers return, and to find out about the spending intentions of Augusta families in the next 2 years. Several State and Federal agencies helped the Board in making the survey which was directed largely to these three points.

The findings of the survey suggest that business and agriculture in the county will be very good during the next few years. But to provide jobs for the entire potential workforce, including veterans, war workers, and young people just growing up, the Board believes it necessary to employ as many workers as possible at their

¹ For example, see *A Rural-Urban Community Plans Ahead*, in the AGRICULTURAL SITUATION, July 1944, for a summary of the more comprehensive type of survey.—Editor.

highest skills and to obtain complete use of all the resources of the county.

Not Enough Farm Labor

Best obtainable figures show that, under optimum conditions, the farm labor force will fall short of need. Should needs be much less, it is still expected that all seeking employment on farms can get jobs.

In manufacturing, a projected expansion in textiles will require about 1,100 additional workers, which would bring the demand for workers in all manufacturing to about 500 more persons than are in the visible supply. The wide variation in the existing labor force complicates matters and means there may be considerable difficulty in fitting workers to jobs.

In the wholesale and retail trade, the survey seems to indicate a surplus of workers, even under conditions of maximum employment, but this is partly offset by the prospective need of some additional workers in the fields of personal service, transportation, communications and public utilities.

The construction trade presents the most uncertain picture among the various groups as a number of firms went out of business during the war. Employers in this field who could be interviewed foresaw needs for only slightly more than half as many workers in the aggregate as had been employed in 1940 even though the survey of spending intentions, made later, reveals that building expectations were for several times as much construction as before the war.

In domestic service, a field largely confined to women workers, there appears to be a definite excess of jobs over workers. In finance, insurance and real estate the prospects are for a near balance between jobs and workers. In professional and related services the number of workers is expected to exceed the number of openings.

Fourth of Workers in Farming

Of the workers employed in 1944, 25 percent were in agriculture, 29 per-

cent in manufacturing, 41 percent in the various service occupations, 3 percent in construction, and 1 percent in quarrying. In 1940 more than a third of the farms were less than 30 acres and more than a third of farmers reported annual incomes of less than \$400. Such a condition raises the question of combining some of the small farms into more desirable units of larger size and encouraging some of the farmers in this group to go into nonfarm work.

The survey indicates that one of the chief difficulties in providing jobs for all workers in the county lies in the fact that a large number of them with special skills may not be needed in their fields of specialization, even if employment is high. Three ways are suggested to cope with this problem: (1) Provide jobs in other fields, (2) expand established industries or start new ones, and (3) enlarge public works activities.

Families to Spend a Fourth More

The second part of the survey, dealing with the spending intentions of Augusta County families, reveals that about 25 percent more will be spent on goods and services in the next 2 years than in the last 2 prewar years of 1939 and 1940. These expenditures will further enhance employment opportunities as well as benefit business and agriculture in the area.

Residents of the county expect to build nearly 800 new homes in the next 2 years, at a cost of about 2½ million dollars, compared with about 150 new residences erected in 1939 and 1940. Another 2,500 families intend to make more or less extensive repairs on their dwellings, including remodeling, insulating, plumbing, electrifying, and other improvements.

Farmers plan to build some 375 barns and outbuildings, spending almost seven times the amount spent on similar construction in 1939 and 1940. Farm real estate should be at a premium, as 182 persons intend to buy farm land in the next year or so,

compared with 48 farm purchases in the 2 prewar years.

Among consumer goods, there are plans to buy about 2,200 refrigerators, 1,300 washing machines, 1,000 radios, to mention only a few items. In addition, nearly 1,600 new automobiles and 600 used cars will make an expected total expenditure for cars, gasoline, tires, and repairs about 50 percent more than in 1939-40. This does not include the 300 trucks and 250 tractors farmers intend to buy. Taking into account all kinds of general farm equipment, Augusta farmers plan to spend twice as much in the next 2 years as they did for these items in the 2 years just before the war.

Food and clothing demands are expected to total about 14½ million dollars in the next 2 years, considerably above that spent in the 2 prewar years.

No Savings in Fifth of Families

To finance these expenditures the

people of the county expect that two-thirds of the costs will come from war savings and credit based on those savings, while one-third would thus come from current income, which means that a rather high level of employment will be necessary if the spending expectations are to be fully realized. This possibility is further pointed up by the fact that about half the savings are in the hands of about 3 percent of the families, while nearly one-fifth of the families report no savings.

This survey, while making no claims for complete statistical accuracy, will be of real help to farmers and other persons in Augusta County in appraising the future course of their community. It will provide a basis for determining the steps necessary to insure a continuing full employment, one of the guarantees of a prosperous agriculture.

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Farm Lands for Veterans and Others

THE war's end brought renewed interest in farm land available for returning veterans, war workers, and others—and quickened the pace of many Federal, State, and local agencies in assisting the farm-minded to get established. Inventories indicate that there may be 2½ million prospective farmers and farm workers seeking farms and farm jobs in the next 5 years against a million and a half full-time farms and farm jobs in sight. Moreover, although 800,000 to 900,000 farm-operator job opportunities will be available, well-informed persons warn that these will require time, perhaps 5 years or more, to realize, and that even then they will not meet the entire demand for good farms.

Farming opportunities in the next 5 years will come from the following sources: (1) Farm operator vacancies on existing farms from retirements, changes to other jobs, and from natural causes such as sickness, old age, and deaths—800,000 farms; (2) release and sale of surplus military land, plus some publicly-owned land acquired for settlement purposes—10,000 farms; (3) creation of new farms on publicly-financed irrigation, drainage, and flood control projects—50,000 farms; (4) development of new farms in forested and other nonfarm land areas not requiring public drainage or irrigation, or flood control projects—the number of new farms developed in this class will depend upon the level of employ-

ment and public policies relating to land and farm development; (5) part-time farms near industrial centers or other sources of nonfarm employment; and (6) nonoperator farm workers, including skilled workers such as farm managers, dairymen, mechanics, tractor and machinery operators, and general farm laborers—500,000 to 750,000 jobs.

Existing Farms

It is now estimated that about 160,000 farms of all sizes and types will become available annually for new operators in the next 5 years because of farmer retirements, changes to other jobs, and natural causes. This normal process of retirement of older farm operators and replacement by younger men will provide a total of approximately 800,000 farm operator openings in the 5-year period from 1945 to 1950. These farms, however, consist of farms of all sizes, types and conditions, ranging from a few big business farms and ranches to family-type commercial farms, subsistence farms, and part-time farms.

But farm-income statistics reveal that about half of these farms had incomes of only \$600 or less in 1939. While farm incomes are considerably higher now, a look at prewar incomes gives some indication of what may be expected under more normal conditions in the future. Accordingly, many of the expected farm operator vacancies will be on inadequate farms that will require considerable development, including investment of labor and money, and in some instances the addition of more land to make them furnish adequate incomes for most farm families. Some of the farms likely to become vacant are too small, or do not have suitable land, and will never be adapted to full-time farming without consolidation with other farms. Many small farms, however, where located near sources of nonfarm employment, can be used as part-time farms and rural residences by off-the-farm workers or by persons with pensions or other sources of income.

In addition to the existing farms which will be for rent or sale to new operators, redevelopment of suitable surplus military land acquired from private owners and publicly owned settlement land would provide around 10,000 family-sized farms. Purchase prices for the military land and redevelopment costs will not be low. Much of the land will need improvements, levelling, and removal of certain obstacles to fit it for farming again.

New-Land Farms in West

Termination of the war is the signal for full-scale activity on national reclamation and flood-control projects. Detailed plans and specifications of the Corps of Army Engineers are now ready, or will be ready under present schedules, for a volume of work under the flood-control program authorized by Congress estimated to cost over 1 billion dollars. While much of the planned flood-control expenditure is for large structures to protect urban and industrial centers and to facilitate transportation, much likewise will protect or increase the protection of agricultural land and make it feasible to develop much presently undeveloped land in the Mississippi and Missouri River Valleys as well as in several other localities.

End of the war also found the Reclamation Service with 60 million dollars for construction and a program totalling over 1 billion dollars authorized by Congress. With available funds, work will be expedited on the Central Valley project of California, the Columbia Basin development of Washington, the Colorado-Big Thompson project of Colorado, Davis Dam on the Colorado River, and projects to supply Arizona, parts of the upper Missouri River Basin and other western areas with water.

In the major reclamation, flood-control, and drainage projects of the Western States and the Mississippi Valley it is estimated that possibly 10,000 new farms can be developed per year during the next few years, or

total of 50,000 farms in 5 years. These estimates take into account the stage of completion of the major structures and facilities, funds available, acreage of new land and its condition, water supply for old and new areas in irrigation projects, size of farms, time required to convert raw land into going farms, and the past record and demand for new farm development.

Reclaimed Lands in South

Although plans for large-scale Federal projects are not yet sufficiently ready to provide an incentive to develop new areas other than those needing irrigation or protection from floods, numerous local and State drainage district organizations and individuals and corporations are planning programs of drainage and clearing to develop new land. For example, although the best use for large areas of Coastal Plain land, located in a broad belt around the coast of the Middle, South Atlantic, and Gulf States, is for forests, wildlife, and grazing, for other portions the best use is arable farming. It would be costly to develop this land into well-improved farms even though much of it is as good or better than many areas now being farmed. Eventually, however, more of it will likely be brought into cultivation as additions to inadequate farms and as new farms. By comparison this Coastal Plain land could be developed with less public investment per acre than much of the land being proposed for development by irrigation and flood protection.

Estimates of public cost necessary to provide drainage for many large Coastal Plain areas range from 20 to 30 dollars per acre. As is the case for land being publicly developed by irrigation and flood control, much of the drained land also requires considerable additional private expenditure for clearing, levelling, farm ditches and roads, fences, and buildings. Like many of the areas proposed for new irrigation and supplemental water supplies, development of Southern land by drainage and clearing would pro-

vide a practicable means of stabilizing and supplementing existing agriculture by encouraging diversified farming, including the much needed pasture and hay acreage long recommended.

Even though public investment in developing Coastal Plain land has lagged during the past few years, in several areas numbers of farms and improved acreage increased both in the depression period and the war years. This increase has been especially marked near some of the new industrial centers and military areas in southern Mississippi and Alabama, eastern Georgia, Florida, the Carolinas, and Virginia. Other Eastern areas showing increases in numbers of farms and improved acreage are in the Tennessee Valley and adjacent localities, the Middle Atlantic States, and parts of New England. Gains in numbers of farms are also shown by the Pacific coast and Southwestern States. For example, the 1945 census reports that 625 counties in the regions mentioned have had increases totalling 66,000 farms, or 5 percent over 1940. These counties as a group also show considerable increases in acreage of land in farms, land in crops, and in number of livestock.

By definition the Census enumerates as farms all agricultural enterprises of at least three acres or those with products worth at least \$250. Because of this and because prices for farm products are higher, more farms, many quite small, were enumerated in 1945 than in 1940. But the census data and other information about specific localities indicate more new family-sized farms. On the other hand, farm consolidations and other acreage increases have reduced the number of farms in commercial farming areas where mechanization has made big headway. This is true especially of the North Central States and Northern Plains.

The growth in number of farms in certain sections of the country indicates that there is a place for land improvement in suitable areas of the populous East, South and West to

stabilize and supplement many existing farms which are inadequate, as well as to provide land for part-time farmers near newly-expanded urban centers.

Developing New Land Costly

But a number of hard facts must be faced by those who hope to drain, or otherwise improve farms. Among these facts is the cost of development compared with values of developed or partly developed farms, the time required to develop a farm, and the inconvenience of living on a new-ground farm.

In order to gain more information on new land development possibilities in the Eastern States, the Department of Agriculture, in cooperation with several Agricultural Experiment Stations and other State agencies, has made surveys which show that the planning and hard work necessary to develop new farms frequently would pay best if applied to existing farms rather than to raw land. These studies describe undeveloped areas suitable for farming which eventually will very likely be developed. But development by drainage, clearing, construction of improvements, and seeding pastures costs money. According to these surveys, to develop fully a farm with a normal value of \$8,000 to \$10,000, in some Eastern States would cost twice that amount at present prices, including both public and private costs. This cost would be prohibitive to most veterans and other prospective new farmers, unless arrangements were made for public investment for drainage and other facilities to be borne through State and Federal loans and direct appropriations.

Therefore, it is suggested that veterans and others yearning to get close to the land first seek the opportunities on existing farms which come up for sale or rent, and on many part-time and subsistence farms which might be converted into economic units through improvement, enlargement, or supplemented by an outside job or income.

However, opportunities exist on well selected new land for hardy people who are willing to undertake the hard work and inconveniences of pioneer living and who have sufficient capital to be reasonably sure of being able to maintain their foothold. Many have been disappointed in what they found and were able to do on new land. Some have lost their savings by paying too much for land, or by improving land which later reverted to mortgage holders. Others have made a success—but not without effort. Success stories are more frequent than failure, but failures are numerous enough to be considered very seriously.

Today the advantage lies with the improved farm properties except in those new land areas where the public decides general welfare justifies the investment of a substantial share of the over-all development costs as it does for certain flood-control and irrigation projects.

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Postwar Federal Finance and Agriculture. Tyler F. Haygood. Processed. 31 pp. Bureau of Agricultural Economics. Washington. August 1945.

Discusses farmers' interest in Federal finance, postwar influences affecting Federal finances, reconversion problems, postwar Federal taxation and expenditures, and the Federal debt.

Let's Talk About Timber Supplies. Is A Timber Shortage Coming? A Discussion Guide on the question of public regulation of timber-cutting practices to make sure of permanent supplies of wood. DS-26. Printed. 6-page folder. Forest Service. Washington. June 1945.

Has to do mainly with the problem of postwar supplies of timber but is also concerned with the effects of forests in conserving water supplies, regulating stream flow, reducing floods, preventing erosion, harboring wildlife, affording opportunities for recreation, and contributing to scenic beauty.

What's Ahead in Meat Production?

WHEN the lights went out in Europe, meat-animal production in America had fortunately recovered from the low levels of the drought years of the early and middle thirties. Because of its high protein content, meat at that time was soon to become of the utmost importance in meeting the tremendously increased requirements to feed American armed forces and civilians as well as those of many foreign countries. If this recovery had not taken place by that time it is doubtful whether these requirements could have been met in the early part of the war because of the much longer time required to increase meat production compared with many other agricultural products.

In 1939 livestock production had risen to 34.2 billion pounds liveweight, well above the levels of the depression years and even above the previous peak of the late twenties. Then, blessed with ample feed supplies at the beginning and during most of the war together with much better-than-average weather, but many manpower difficulties, farmers and ranchers jumped their output to 40.1 billion pounds on the average for the 5 years 1940-44, and set an all-time record of 46.3 billion pounds in 1943, about one-third higher than the 1939 output. When measured in terms of dressed meat, production increased from an average of 16 billion pounds in 1935-39 to 22 billion in 1940-44.

Ample Feed Jumped Meat Output

The tremendous war-increase in production of beef, pork, and lamb on the hoof, resulting in new meat production records, was due partly to an accumulation of feed grains and wheat under the ever normal granary program before the war. This reserve of feed made possible a big increase in hog production almost immediately after the war started. Then record and

near-record feed grain crops for the next 5 years permitted a continued large hog production. These large feed supplies also made possible substantial increases in cattle numbers from the 1939 low in the cattle cycle of 66 million head to early 1944 when the total was almost 82 million, an all-time high. Sheepmen held replacement stock from market and built up numbers from 52 million in early 1939 to a high of 57 million at the beginning of 1942. Beginning in 1942, however, with shortages of labor, increased costs of production, more favorable returns from other crop and livestock enterprises and concern over postwar wool prices, sheepmen reduced their sheep holdings sharply until numbers now are 20-25 percent below the 1942 peak.

Meat-Animal Production on Farms and Ranches, 1925-44

[In billions of pounds liveweight]

	Cattle and calves	Hogs	Sheep and lambs	Total
1925-34 av.	13.4	15.4	1.8	30.6
1935-38 av.	14.0	12.6	1.9	28.5
1939	15.1	17.1	2.0	34.2
1940	15.6	17.0	2.1	34.7
1941	16.7	17.5	2.3	36.5
1942	18.0	21.1	2.3	41.4
1943	18.7	25.5	2.1	46.3
1944	19.0	20.8	2.0	41.8

Good weather for crops was only partly responsible for bumper forage and feed grain crops during the war. Wider use of hybrid seed corn and new oat and sorghum varieties increased yields of these crops substantially. Liberal application of lime and fertilizers also contributed to the large crops. The greater number of farm tractors in use make it possible to plant, cultivate and harvest at the proper time to further assure large harvests. Accelerated declines in horse and mule numbers have released much high-yielding crop and pasture land

for the production of feed for other livestock. And increased conservation practices before and during the war stimulated bigger yields on poorer land. These man-controlled factors have important implications in future feed and livestock production.

Efficiency in livestock production also increased in recent years and received a big stimulus during the war. The number of pigs saved per litter has increased steadily in the past 20 years. Control of disease, better sanitation, use of better brooders have helped increase the percentage of pigs farrowed that reach slaughter weights. Widespread use of protein feed supplements has made possible more efficient pork production. Larger lamb crops and increased yields of wool have resulted from better breeding and husbandry. Larger calf crops and better breeding in beef herds together with better feeding have resulted in a larger beef production per breeding cow.

The possibility of continued 3-billion-bushel-plus corn crops is not improbable with average weather in the future. This has been the size of the crop each year since 1941. This will be conducive to a large production of hogs as hogs normally consume more than half of the nation's corn crop. Corn crops this large would allow for the marketing of 81 million hogs a year at an average weight of 230 pounds, assuming that

the usual proportion of the corn crop was used for feeding hogs and that production of the other feed grains made up about the same proportion of total feed grain production. Slaughter of hogs during 1939-43 averaged 78 million head a year.

With many factors indicating a large meat-animal output for several years, meat production is likely to continue well above prewar for some time. Total meat production averaged 16 billion pounds (dressed meat basis) in 1935-39 and reached a high in 1940-44 of 22 billion pounds on the average. Production probably will continue above 20 billion pounds for several years more. Total cattle numbers are now near the all-time high and, with the probability of lower cattle prices, numbers are likely to decline for several years. The decline in numbers will be accompanied by record or near-record slaughter for the next 2 or 3 years. Pork production will continue relatively large at least through 1946 and with another large corn crop in prospect this year large pork production will follow. However, lamb and mutton production probably will continue relatively low for several years because of the present small total number of sheep on farms and ranches. It will take several years before production is up to prewar. But, lamb and mutton normally account for less than 5 percent of total meat production.

Meat Supply and Disappearance, 1935-44

[Dressed-meat basis]

	Begin- ning stocks	Produc- tion	Imports	Total supply	Exports ¹	Military purchases	Civilian consump- tion	
							Total	Per capita
1935-39 av.	Billion lb.	Billion lb.	Billion lb.	Billion lb.	Billion lb.	Billion lb.	Billion lb.	Pounds
1935-39 av.	0.6	16.2	0.3	17.1	0.2	-----	16.3	126
1940	.5	19.0	.2	19.7	.2	-----	18.7	141
1941	.8	19.5	.3	20.6	.7	0.4	18.8	141
1942	.7	21.7	.2	22.5	1.7	2.0	18.2	138
1943	.7	24.1	.2	25.0	2.5	3.7	17.7	136
1944	1.1	24.6	(1)	25.7	1.9	4.0	19.3	150

¹ Includes lend-lease shipments.

¹ 10 million pounds.

The war brought about an increased demand for meat. Incomes of domestic consumers reached record high levels, necessitating meat rationing and distribution controls even though meat consumption per capita in all of the war years, except 1945, was at a comparatively high level. Military and lend-lease requirements greatly increased the total demand for meat.

Feeding the United States armed forces accounted for around 16 percent of the total meat output in the last 5 years. With fewer military personnel to feed in the years ahead, purchases of meat will be sharply reduced. In civilian life the returning servicemen and servicewomen will not consume as much meat per person as they did in the services. In addition, allowance for loss in battle and for special food reserves for the armed forces should no longer be necessary.

From Net Importer to Exporter

During the war the United States became a net exporter of meat when formerly it was a net importer. While exports during 1935-39 averaged only 197 million pounds, imports during these years averaged 262 million pounds of meat, in addition to 500,000 head of live cattle imported principally from Canada and Mexico. But in 1941-44 over 7 billion pounds were exported. Thus, in 1944 alone the United States exported over 9 times the average of the prewar years.

While shipments of meat to the liberated areas of Europe in the next year or two may be relatively large, it seems improbable that the United States will continue to be an exporter of meat and probably will revert to the old status as a net importer. Canada and Argentina have greatly increased pork production during the war and will give severe competition to this country for the European pork trade. The United Kingdom has agreed to purchase most of Argentina's surplus of meat until October 1, 1948. This will be principally beef but will also include pork. Then too,

the United Kingdom has agreed to purchase most of the exportable surplus of meat from Canada in 1946 and 1947. However, it will likely take several years before the surplus meat producing countries of Europe—Denmark, the Netherlands, and Poland—can increase their meat output and exports to the prewar volume.

Should meat production continue above 20 billion pounds annually for several years, as now seems probable, per capita meat supplies would be 20 to 30 pounds above the average consumption of 1935-39. This assumes that exports and imports would be at the prewar level. Faced with the prospect of a declining export market and much lower military requirements, domestic demand for meat will have to continue strong to prevent declines in prices and incomes to producers. Many remember back to World War I when meat-animal prices dropped about 50 percent from 1919 to 1921.

What the level of livestock prices will be in 1947 or 1948 depends not only on numbers marketed for slaughter but to an even larger extent on the size of consumer purchasing power. With a high level of meat production in prospect but a national income of only 75 billion dollars a year, even though higher than most years prior to 1940, meat-animal prices would be at a depression level. But with full employment and a 150 billion dollar national income, prices probably would be well above parity.

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Feed Consumption and Marketing Weight of Hogs. L. Jay Atkinson and John W. Klein. U. S. Dept. Agr. Tech. Bul. 894, 28 pp. Washington. July 1945.

Focuses attention on the findings of experimental studies on hog feeding so that the principles developed in these studies may be applied by farmers in attaining production and marketing goals.

Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39 = 100) ¹	Income of industrial workers (1935-39 = 100) ²	1910-14 = 100				Index of prices received by farmers (August 1909-July 1914 = 100)			
			Whole-sale prices of all commodities ³	Prices paid by farmers		Farm wage rates	Livestock and products			
				Com-modities	Com-modities interest and taxes		Dairy products	Poul-try and eggs	Meat animals	All live-stock
1910-14 average	58	50	100	100	100	100	100	101	101	101
1915-19 average	72	90	158	151	150	148	148	154	163	158
1920-24 average	75	122	160	161	173	178	159	163	123	142
1925-29 average	98	129	143	155	168	179	160	155	148	154
1930-34 average	74	78	107	122	135	115	105	94	85	98
1935-39 average	100	100	118	125	128	118	119	109	119	117
1940-44 average	192	234	139	150	148	212	162	146	171	164
1941	162	169	127	131	132	154	139	121	146	140
1942	199	241	144	152	150	201	162	151	188	173
1943	239	318	151	167	162	264	193	190	209	200
1944	235	325	152	176	170	315	198	174	200	194
1944—September	231	320	152	176	170	—	198	179	200	196
October	232	320	152	176	170	325	201	190	201	199
November	232	318	152	177	171	—	203	207	200	202
December	232	322	153	178	171	—	203	211	198	202
1945—January	234	322	153	179	172	324	202	199	203	202
February	236	320	154	179	172	—	200	183	209	201
March	235	318	154	180	173	—	198	175	211	200
April	230	310	154	180	173	335	194	176	215	201
May	226	299	155	180	173	—	192	179	217	202
June	220	301	155	180	173	340	191	189	216	203
July	211	286	155	180	173	362	192	197	215	205
August	188	—	154	180	173	—	195	207	212	206
September	—	—	181	174	—	197	201	207	207	203

Year and month	Index of prices received by farmers (August 1909-July 1914 = 100)								All crops and live-stock	Parity ratio ⁴		
	Crops											
	Food grains	Feed grains and hay	Tobacco	Cotton	Oil bearing crops	Fruit	Truck crops	All crops				
1910-14 average	100	101	102	96	98	99	—	99	100	100		
1915-19 average	193	164	187	168	187	125	—	168	162	106		
1920-24 average	147	126	192	189	149	148	143	160	151	86		
1925-29 average	140	119	172	145	129	141	140	143	149	89		
1930-34 average	70	76	119	74	72	94	106	86	90	66		
1935-39 average	94	95	175	83	106	83	102	97	107	84		
1940-44 average	123	119	245	131	159	133	172	143	154	103		
1941	97	89	159	107	130	85	129	106	124	94		
1942	120	111	252	149	172	114	163	142	159	106		
1943	148	147	325	160	190	179	245	183	192	119		
1944	165	166	354	164	209	215	212	194	195	115		
1944—September	155	162	358	170	207	206	166	188	192	113		
October	164	161	357	171	211	205	153	187	194	114		
November	165	157	368	168	215	195	188	189	196	115		
December	167	160	364	168	215	206	228	196	200	117		
1945—January	169	163	365	163	214	205	262	200	201	117		
February	169	164	360	161	215	211	223	197	199	116		
March	171	166	359	163	215	211	203	196	198	114		
April	172	162	362	163	215	221	259	204	203	117		
May	172	161	363	165	216	227	193	198	200	116		
June	173	162	364	169	217	237	269	210	206	119		
July	169	161	364	171	221	237	244	207	206	119		
August	167	158	367	172	215	214	240	202	204	118		
September	167	157	365	175	213	217	159	191	197	113		

¹ Federal Reserve Board, adjusted for seasonal variation, revised November 1943.

² Total income adjusted for seasonal variation, revised February 1945. ³ Bureau of Labor Statistics.

⁴ Revised.

⁵ 1924 only.

NOTE.—The index numbers of industrial production and of industrial workers' income, shown above, are not comparable in several respects. The production index includes only mining and manufacturing; the income index also includes transportation. The production index is intended to measure volume, whereas the income index is affected by wage rates as well as by time worked. There is usually a time lag between changes in volume of production and workers' income since output can be increased or decreased to some extent without much change in the number of workers.